



Siberian Investment Co.

When Moody's upgraded Russia to investment grade status earlier this month no-one disputed the fact that Russia's economic fundamentals merited the decision but there was disquiet over issues like corporate governance, corruption and the rule of law. The arrest of Yukos' CEO Mikhail Khodorkovsky ten days later brought this point home. The markets collapsed as a result and investor confidence was severely tested. What seems clear is that this was a politically motivated attack as Mr Khodorkovsky had been using his wealth to support opposition parties (a.k.a. buying seats in the Duma). Mr Putin has made clear this is not part of a wider attack on Russian business. The freezing of certain Yukos shares is actually standard procedure in all criminal cases of this kind in Russia. We think Mr Putin should be given the benefit of the doubt at the moment. He has spent a lot of time and been very successful in reforming Russia over the last three years and when he pledges that this should continue over his next term in office, it is reasonable to suppose that it will. This is why we remain optimistic at the moment although we have cut our position from 14% to 10% in Yukos (Sibneft). Recently in a meeting with investors Mr Putin re-emphasised his reform programme over Gazprom and said he understood that minority shareholders in Yukos were not part of this quarrel. He apparently gave a good account of himself and his understanding of financial markets, surely a first for a Russian President? Expect a bumpy ride up to the elections in December after which the market should become more stable.

The Micropal performance figures are distorted this month. Sibinco values itself on the penultimate business day of every month where as the Micropal and most other funds are valued on the last business day of every month. On the day in question Yukos's shares were frozen which caused them and the market to drop 14% and 8% respectively. Yukos bounced back 7% the next day while the index also recovered. Hence, one day made a material difference to relative performance.

Top 10 Holdings

Company	% NAV	Company	% NAV
Vostok Nafta	8.2	Lukoil ADR	5.5
Sibneft ADR	7.8	Gazprom ADR Reg S	5.1
GMK Norilsk Nickel ADR	6.1	Rostelecom ADR & Pref	5.1
Unified Energy Systems (GDRs & Pref)	5.9	Sberbank	4.8
Surgutneftegas ADR & ADR Pref	5.6	Uralskie Mashinostroitelniye Zavody	3.9
		58.0%	

Siberian Investment Co. Performance

	<i>LG Fund</i>	<i>RTS Index</i>	<i>Micropal Russian Universe</i>
Last month	-10.0	-11.9	-2.9
Last 3 months	14.6	9.7	17.2
Last 6 months	24.1	15.1	30.5
Year to date	44.2	38.3	54.7
Last 1 year	52.0	40.8	61.1
Last 2 years	164.7	142.6	150.6
Last 3 years	234.7	164.2	188.0
Last 4 years	447.5	410.3	384.3
Last 5 years	425.2	796.7	623.4
Last 6 years	10.5	16.3	10.7
Since inception	67.0	50.5	53.6

Micropal Ranking in Russia closed & open-ended funds

	<i>Last month</i>	<i>Last 3 months</i>	<i>Last 6 months</i>	<i>Last 1 year</i>	<i>Last 2 years</i>	<i>Last 3 years</i>	<i>Last 4 years</i>	<i>Last 5 years</i>	<i>Last 6 years</i>	<i>Since inception</i>
Sibinco	35	27	29	28	9	6	8	16	7	6
No. of funds	35	35	35	35	32	31	26	25	16	14

Sector Breakdown

Sector	% NAV
Oil & Gas	45.8
Telecommunications	13.5
Energy	17.2
Metals	9.9
Banking	4.8
Engineering	3.9
Shipping	1.6
Consumer	1.0
Funds	0.4
Chemicals	0.9
Cash	1.0
Total	100.0

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INVESTMENT OBJECTIVE

The principal investment objective of the Fund is to provide Shareholders with long-term capital appreciation through investment primarily in a diversified portfolio of traded securities of Russian companies whose principal business activities are in the regions of the Russian Federation located east of the Ural Mountains.

LLOYD GEORGE MANAGEMENT

Lloyd George Management is an independent company predominantly owned by its senior management team. We have additional shareholders in the United States, Germany and Japan. Established by Robert Lloyd George in 1991, Lloyd George Management provides investment management in Asian and emerging markets equities for both private clients and institutional investors. The company comprises a team of highly experienced fund managers each offering a specialised area of knowledge, the senior management team having an average of 16 years investment experience.



EDWARD ROBERTSON - FUND MANAGER

Prior to joining Lloyd George Management, Edward Robertson moved to Hong Kong in 1992, where he lived for five years working for the South China Morning Post and subsequently for Cazenove & Co. and Nava Standard Chartered Securities where he was responsible for Sales of South East Asian securities to institutional clients. In 1999, he joined Lloyd George Management where he runs the Siberian Fund and covers the EMEA region.

General information

The Siberian Investment Co. is a closed-ended designated investment company incorporated in Ireland.

This is neither an offer to sell nor a solicitation of any offer to buy shares in any fund managed by us. Any offering is made only pursuant to the relevant information memorandum, together with the current financial statements of the relevant fund, if available, and the relevant subscription application, all of which must be read to their entirety. No offer to purchase shares will be made or accepted prior to receipt by the offeree of these documents and the completion of all appropriate documentation. The shares have not and will not be registered for sale, and there will be no public offering of the shares. No offer to sell (or solicitation of an offer to buy) will be made in any jurisdiction in which such offer or solicitation would be unlawful. Past performance of a fund is no guarantee as to its performance in the future.

Inception date:	February 1997
NAV per share	US\$16.70
No. of shares	1,791,369
Fund size	US\$29.92 million
Cash holding (%NAV)	1.0%
Number of holdings	37

Fund information as at 30th October 2003

For further information, please contact:

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